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DE RUEHGO #0575 2441001  
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FM AMEMBASSY RANGOON  
TO RUEHC/SECSTATE WASHDC PRIORITY 9410  
INFO RUCNASE/ASEAN MEMBER COLLECTIVE  
RUEHGG/UN SECURITY COUNCIL COLLECTIVE  
RUEHBY/AMEMBASSY CANBERRA 2257  
RUEHNE/AMEMBASSY NEW DELHI 5719  
RUEHUL/AMEMBASSY SEOUL 9323  
RUEHKO/AMEMBASSY TOKYO 6905  
RUEHCN/AMCONSUL CHENGDU 1897  
RUEAIIA/CIA WASHDC  
RHHMUNA/CDR USPACOM HONOLULU HI  
RUEHGV/USMISSION GENEVA 4666  
RHEHNSC/NSC WASHDC  
RUCNDT/USMISSION USUN NEW YORK 2692  
RUEKJCS/SECDEF WASHDC  
RUEHBS/USEU BRUSSELS  
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L RANGOON 000575

SIPDIS

STATE FOR EAP AND IO; PACOM FOR FPA

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TAGS: [PGOV](#) [PREL](#) [PHUM](#) [BM](#)  
SUBJECT: BURMA: KOKANG UPDATE

REF: RANGOON 567

Classified By: Charge d'Afairs (AI) Thomas Vajda for Reasons 1.4 (b) & (d)

Refugees Returning to Kokang Region  
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1.(C) World Food Programme (WFP) Country Director Chris Kaye confirmed that refugees are beginning to return to the Kokang region. Local shops in the midst of the fighting had been looted and shopkeepers appear eager to return to protect their property. Aid workers at the WFP compound in Laukkai are hoping to evacuate September 1 or 2; Kaye informed us that the civilian killed outside the compound (reftel) was not affiliated with WFP.

Wa on High Alert, No Evidence of Involvement  
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2.(C) The affected Kokang region is adjacent to Wa territory. Kaye and Embassy contacts state that the United Wa State Army (UWSA) has been on a higher state of alert and readiness since the initial GOB raid on the Myanmar National Democratic Alliance Army (MNDA) in early August. To date, we have no confirmed reports the Wa have been involved in any fighting; instead they appear to be deploying to protect their territory in case violence spills over.

Peng Jiasheng and Family are Narcotics Traffickers  
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3.(C) Contacts in the region report that the GOB's initial raid targeted a suspected weapons factory and narcotics processing/storage facility controlled by MNDA chairman Peng Jiasheng and his immediate family. Peng Jiasheng has been identified by the U.S. Drug Enforcement Agency as a major trafficker since approximately 1975. Once a source of opium, the Kokang's Special Region Number One more recently has been documented as a source of high-quality methamphetamine, to include methamphetamine ICE. In addition to narcotics trafficking, Peng Jiasheng and his followers have been suspected of trading arms with Indian insurgents along the Indian/Burma border in exchange for precursor chemicals used in the production of both methamphetamine and heroin.

4.(C) Following up on reftel, we note that Phon Kya Shin is an alternate spelling for Peng Jiasheng, aka Peng Chia-sheng, the MNDAA Chairman. Phon Kya Phu, aka Peng Chia-fu, is Peng Jiasheng's brother. Phon Tar Shwin, aka Peng Ta-sheng or Peng Ta-shun, and Phon Tarli, aka Peng Ta-li, are both Peng Jiasheng's sons. Peng Jiasheng's family members are also well-documented by DEA as narcotics traffickers.

VAJDA